

TENNESSEE REGULATORY AUTHORITY

Ron Jones, Chairman
Deborah Taylor Tate, Director
Pat Miller, Director
Sara Kyle, Director



460 James Robertson Parkway
Nashville, Tennessee 37243-0505

November 23, 2005

Mr. William C. Bovender, Counsel
Hunter, Smith, & Davis LLP
P.O. Box 3740
Kingsport, TN 37664

RE: Docket 05-00313: Application of Appalachian Power Company Seeking Approval for Certain 2006 Financing Programs

Dear Mr. Bovender:

In order to fully analyze the above-referenced petition, the Tennessee Regulatory Authority (TRA) requires additional information. Please provide the information requested below by December 2, 2005, and refer to this correspondence as Data Request No. 1 in the response.

- 1.) Has Appalachian Power Company ("Appalachian") filed similar petitions in other states and what is the status of any such petition?
- 2.) Has Appalachian applied for approval for financing from any Federal agency? Have they notified any Federal Agency? If so, what is the status of any such application or notification?
- 3.) How many end-user customers are served, directly or indirectly, by Appalachian, including customers of Kingsport Power Company ("Kingsport Power") d/b/a/ American Electric Power Company ("AEP") in Tennessee?
- 4.) Will any Tennessee assets, (Kingsport Power Company) be pledged as collateral for any secured debt issued? If so, what percentage of Kingsport Power Company's assets will be pledged?
- 5.) Will any of these funds be used for plant expansion, modernization, or otherwise used for the benefit of Kingsport ratepayers? Please itemize projects and approximate amounts projected. Include retirement of debt from the current Kingsport Power Company balance sheet as one of the benefits and/or other benefits such as reduced interest expense for Kingsport Power Company rate payers.
- 6.) Provide the approximate value of Kingsport Power Company's long-term debt and what the restrictive amount that can not be exceeded will be.

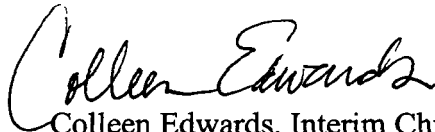
7. Estimate what Kingsport Power Company's new long-term/short term interest expense will be compared with its current long-term/short-term interest expense.

8. Provide an estimated Income Statement with the new interest expense included and estimated increase in revenues at December 31, 2006.

If you have any questions, or need further assistance, please call Carlos Black at 615-741-2904, ext. 196 or email him at carlos.black@state.tn.us. Please respond by sending the original and 13 copies to:

Ms. Sharla Dillon, Docket Room Manager
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37243-0505

Sincerely,



Colleen Edwards, Interim Chief
Competitive Markets & Policy Division

c: William E. Johnson, Esq.

Mr. Ron Jones, Chairman
Ms. Sharla Dillon, Docket Room Manager